

**ARIZONA STATE PARKS BOARD
1300 W. WASHINGTON ST.
PHOENIX, AZ
JANUARY 15, 2004
MINUTES**

Board Members Present:

Suzanne Pfister
John Hays
Elizabeth Stewart
William Porter
Gabriel Gonzales-Beechum (arrived at 10:10 a.m.)
William Cordasco
Mark Winkleman (arrived at 11:02 a.m.)

Staff Present:

Kenneth E. Travous, Executive Director (arrived at 11:05 a.m.)
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, Partnerships and External Affairs
Mark Siegwarth, Assistant Director, Administration
Cristie Statler, Consultant, Fundraising and Friends
Jean Emery, Chief, Resources Management
Janet Hawks, Chief of Parks
Ray Warriner, Resources Management
Sue Hilderbrand, Acting Chief of Grants
Robert Baldwin, Grants
Bob Sekora, Resources Management
Tanna Thornburg, Resources Management
Annie McVay, Resources Management
Amy Hartle, Administrative Assistant
Ellen Bilbrey, Public Information Officer

Attorney General's Office:

Joy Hernbrode, Assistant Attorney General

A. CALL TO ORDER – ROLL CALL

Chairman Pfister called the meeting to order at 10:06 a.m. She noted that Mr. Winkleman and Mr. Travous were attending the Governor's Special Cabinet Meeting and would arrive after that meeting concludes.

Chairman Pfister welcomed Ms. Janice Chilton, the Governor's new appointee to the Parks Board (replacing Ms. Pfister), to the meeting.

B. ELECTION OF OFFICERS

Mr. Porter made a motion that Mr. John Hays be elected Chairman of the Parks Board and that Ms. Elizabeth Stewart be elected Vice Chairman of the Parks Board.

Mr. Cordasco seconded the motion. The motion carried unanimously.

Chairman Hays thanked Ms. Pfister for chairing the Parks Board for the past two years. He expressed the Board's appreciation for all that she has done for the Board during her service as a Board member.

Chairman Hays noted that the Board is very happy to have Ms. Chilton present at this meeting and stated that the Board is looking forward to working with her. He noted that her confirmation needs to go through the State Senate and then she can take her seat on the Board.

C. INTRODUCTION OF GUESTS

Ms. Hernbrode noted for the record that guests were not required to introduce themselves and should only do so if they wished. The Board, staff, and guests introduced themselves.

Ms. Janice Chilton introduced herself to the Board. She stated that she is from Gila County and works for the Mazatzal Casino in Payson, AZ. She has worked on and off for the Apache Tribe since 1984. She has served on the Planning and Zoning Commission in Gila County. She was both a grant writer and a grant reader in Washington, DC.

D. PUBLIC COMMENT

Chairman Hays noted that those who wished to address the Board would do so under the appropriate Agenda Item.

E. CONSENT AGENDA

- 1. Approve Minutes of November 20, 2003 State Parks Board Meeting**
- 2. Approve Executive Session Minutes of the State Parks Board Meeting Held November 20, 2003**
- 3. Consider Extending the Project End Date for Suspended Off-Highway Vehicle Recreation Fund Projects** – Staff recommends extending the project end dates for a number of Off-Highway Recreation Fund projects by 12 months.
- 4. Consider Extending the Project End Date for Local, Regional and State Parks (LRSP) Project #569903 – Ahakhav Park Improvements** – Staff recommends extending the project end date by 12 months to November 15, 2004 for LRSP Heritage Fund Project #65903 – Ahakhav Park Improvements. The Arizona Outdoor Recreation Coordinating Commission (AORCC) unanimously concurred with this recommendation at their December 11, 2003 meeting.

Mr. Porter made a motion to accept the Consent Agenda. Mr. Cordasco seconded the motion. The motion carried unanimously.

Mr. Porter noted that he missed the November Board meeting. He stated his amazement at the way the Minutes are kept so well. After reading them, he really felt that he hadn't missed anything that he needed to know. This is a marvelous roadmap for everything that occurred in the meetings.

Chairman Hays added that he was amazed when he came on the Board that the Minutes are almost verbatim.

Chairman Hays stated that since the Executive Director had not yet returned from the Special Cabinet Meeting, he would move to Agenda Item G.

G. PARTNERSHIPS AND EXTERNAL AFFAIRS

1. Section Report

Legislative Report

Mr. Ziemann distributed a sheet listing the Regular Session 2004 Bills of the 46th Legislature that he is tracking on behalf of the Board. He noted that the legislature has been in session for three days and have so far introduced a total of 640 pieces of legislation. Most of these bills have just been dropped and there is not a lot of information available on them.

Mr. Ziemann called the Board's attention to HB 2155, Spur Cross Ranch. This is the bill that was discussed in the October Board meeting. It is a technical bill that deletes all previous language that was inaccurate in the Statute and replaces it with language that says the State Parks Board will hold Conservation Easements to maintain the integrity of Spur Cross Ranch.

Mr. Ziemann referred to HB 2307, Fire Districts; SLIF. He noted that that bill appears every year. It makes the fire districts eligible applicants for the State Lake Improvement Fund (SLIF) grants.

Mr. Ziemann referred to HB 2453, State Government, Privatization Review. This bill would essentially ask every state agency to perform a study to privatize everything they do.

Mr. Ziemann referred to HB 2483, Off-Highway Vehicles. This bill appears to deal primarily with special events for off-highway vehicles (OHV). It exempts the OHV user from having to buy a license plate if the OHV is just being used for that particular special event. This bill was just dropped yesterday afternoon and he hasn't had the opportunity to really investigate it.

Ms. Stewart asked if HCR 2001 (Fed Monies; State Agency Reports) comes up every year to require reports on federal monies.

Mr. Ziemann responded that this is a newer bill. The Federal Monies Appropriation Bill (HB 2364) appears every year. This bill would require a report stating how much federal money the agencies receive and how that money is expended.

Mr. Ziemann referred to SB 1027, Public Schools; Income Tax Checkoff. He noted that he is in discussions again to essentially do a State Parks Checkoff Bill on the State Income Tax. This bill has already been drafted to benefit public schools. Staff would love to introduce and run a State Parks Checkoff Bill; however, the issue becomes the amount of space available on the Income Tax form. Only so many checkoffs can be fit on the form. It is probably not the best position for the Board to be in competition with public schools. The State Parks bill will still be dropped.

Mr. Ziemann referred to SB 1061, Archy Advisory Commission. He noted that this is a continuation bill for the group that advises the State Historic Preservation Officer (SHPO).

Mr. Ziemann referred to SB 1066, Charitable Organizations Registration. He stated that this bill would require all charitable organizations in the state to register with the Secretary of State. They would have to demonstrate that 90% of the monies they raise are given to the charities that they are established for.

Ms. Stewart noted that only 10% could then go toward administrative fees.

Mr. Ziemann stated that SCR 1014, Lottery Monies; Reallocation is another bill that the Board should track fairly well. This resolution would take all Lottery money – all the proceeds from the Lottery – and redirect them to only public schools and roads/highway construction. This resolution also provides that raffles can only have a per-ticket price tag of \$25.

Chairman Hays asked if SB 1066 applies only to 501(c)(3)s.

Mr. Ziemann responded that he does not believe that bill is that specific yet. It just says “charitable organizations”. As it moves through the system, if it moves through the system, there will be a need to clarify what it refers to. He cannot imagine that the 90% requirement would remain.

Ms. Pfister noted that it is an admirable standard, but one that would be extremely difficult to achieve. She noted her expectation that there will be an outcry. It doesn’t look good for the bill.

Ms. Stewart asked who supports SCR 1014.

Mr. Ziemann responded that it is supported by Senator Harper and two others (Representative Robson and Senator Karen Johnson).

National Register Report

Mr. Ziemann reported that prior to taking National Register nominations to the keeper of the National Register the Board is provided with summaries of those nominations as an information item.

Ms. Pfister noted that the list is diverse.

Chairman Hays noted that he has heard that it is onerous to fill out all of the paperwork to be placed on the National Register.

Mr. Ziemann responded that when he originally came to Arizona State Parks (ASP) his job was overseeing the National Register program. The forms are really not that bad. It was customary for an applicant to take about 15-20 hours to fill out a National Register nomination. Much of the background research has already been done through some of the planning processes that SHPO has been engaged in. That information is available. If one is doing a ranching nomination, it is not necessary to write the history of ranching in Arizona. That has already been done. They can just pull the pertinent sections from those reports that have already been done. Staff have tried to identify some of the

larger themes within Arizona's history and prepare them ahead of time so people can use them.

2. Vital Statistics

a. Competitive Grant Programs Update

Mr. Ziemann reported that staff in the Grants Section pulled together an update on where the Board's various grants are going and have gone from 1991-2003.

Ms. Stewart asked what that status is on the special SLIF cycle. She noted that it was not mentioned in this report.

Ms. Hilderbrand responded that there has been no reconciliation from the State Land Department (ASLD). This is completely between ASLD and the City of Lake Havasu. Staff are encouraging that reconciliation to take place.

Ms. Stewart noted that a notice was sent out a couple of months ago to people informing them that something would be coming imminently. She asked what the plans are.

Ms. Hilderbrand responded that the plan, as directed by the Board, was to swiftly get this grant cycle going. Staff did advertise and advise that it is coming. Until the information is received from ASLD, staff can only wait it out.

Ms. Stewart noted that there are a lot of statistics including not only this year but previous years and asked if staff have noted any trends that the Board should be aware of.

Ms. Hilderbrand responded that the only thing she noticed in updating this information is that the grant period is significantly shorter in the LRSP grant program than in the past. She does not know why that is. Everything else is pretty much the same.

Ms. Stewart asked if the grant period is the time it takes to complete.

Ms. Hilderbrand responded that it is end-to-end. She believes it was an average of 40 months and has gone down to about 12 months. The reason for that may be that there were a few small projects that were done very quickly in the last year.

Ms. Pfister noted for the benefit of the new Board members that she always pulls this report. In the event a Board member has to testify at the legislature or for the media, this is a handy thing to have. It is a good summary and contains a lot of good detail. She encouraged the Board members to save it and use it throughout the year.

H. ADMINISTRATION

1. Section Report

Financial Report to Include OHV Status

Mr. Siegwarth reported that there is not a lot to say on the Financial Report. He is disappointed with the SLIF and OHV earnings. Staff hope that it will improve over the next couple of months. Even in the worst-case scenario, there would be no reason to change any of the budgets or current actions.

Mr. Siegwarth noted that the Enhancement Fund seems to be doing very well. Revenue is up 13% and Visitation is about 1% low. However, staff are looking at having all the parks completely open in 2005 with many of them redone. Staff believe this will result in a big bump next year.

Mr. Siegwarth reported that he had hoped to report that the OHV grants situation has been resolved. Currently there are two outstanding. A refund from Coronado National Forest is coming from an IGA that is sitting in New Orleans. They understand that once staff receives that check another check will be written to them to close out the last grant. He explained that these are the grantees who spent money prior to the April/May date. A check was written to Coronado National Forest for \$240,000 and they are very happy. He sees no reason why this shouldn't be all closed out by the next Board meeting.

Budget Update and Discussion of Legislative Strategies Based Upon Budget Information

Mr. Siegwarth reported that the Governor's Budget will be released today at 4:00 p.m. He felt good about discussions with the Governor's analyst assigned to ASP. However, things could have changed in the last week. Staff will probably not have any information on the Legislature's Budget until late next week at the earliest. That legislative analyst has given staff hope as well.

Mr. Siegwarth reported that the agency's Budget Hearing will be held January 30 before both the Senate and House full Appropriations Committees. Staff will have 10 minutes to respond to JLBC's and OSBP's presentations to address major budget issues. This is different from the past when staff only talked with the subcommittees and then went up.

Chairman Hays asked if all agency budgets will be heard before the joint House and Senate Appropriations Committees.

Mr. Siegwarth responded that the "Big 10" agencies will appear before the Senate on one day and then the House on the next day. All other agencies, including ASP, only have one shot before the full committees. He believes that is in the agency's favor.

Mr. Siegwarth stated that staff will send an E-mail to the Board next week detailing their analysis of the Governor's proposal. A similar E-mail will be sent after staff receive the legislature's budget.

Mr. Ziemann added that the hearing is scheduled for the morning of January 30. Staff expect the agency's budget to be heard late in the morning.

Ms. Stewart asked if there will be enough money from the money expected back from OHV to pay for the continuation of the OHV grants as approved by the Board.

Mr. Siegwarth responded that this would be an issue for the Board to deal with at its July Budget meeting. OHV revenue is down. The agency still owes the legislature \$2 million of OHV money.

Ms. Stewart asked if staff are counting on money from this year to pay them off because there was not enough money received back.

Mr. Siegwarth responded that when the final books are reconciled in the 13th month there may be \$100,000-\$200,000 left over. What can be done with that money will really depend on what the legislature does in this session. He would be very nervous in trying to allocate money to the current grantees. The agency will probably not be able to write the check to the legislature for the \$2 million until June. There really won't be any money available until July.

Ms. Stewart asked if the legislature is aware of these outstanding obligations.

Mr. Siegwarth responded that they are. He noted that the agency had a battle last year just to get \$1 million set aside to pay the expenditures the grantees had already incurred. He expects that to be part of the budget discussions this year.

Mr. Siegwarth noted that in the Governor's State of the State Address she did bring up the issue of employees' pay. He reminded that Board that that was the number 1 priority of staff's budget and the Board's submittal to the Governor. He believes that issue has been heard. He also believes the Governor has heard some of the Board's other priorities as well.

Ms. Stewart expressed her belief that it is important to put a high priority on finishing these grants off. Even though the agency had the money to make them whole to the point where they had expended funds, they had put things in motion. In many cases, for that investment to mean anything they need to complete the project. She believes that this needs to remain a high priority. People have acted in reliance upon that money being available to complete the project and simply matching their expenditures does not, in many cases, make them all whole.

Chairman Hays asked if there is any way to have money safely committed to completing these projects.

Mr. Siegwarth noted that this is the agency's number two priority. Staff have requested that the legislature not sweep the OHV fund. If the fund is not swept, the first thing staff will do is finish these grants. Staff expect to know more after seeing the Governor's Budget.

Mr. Ziemann added that the OHV community has certainly been contacting the legislature as well to make it a priority for them. The OHV community has contacted Speaker Flake and others. The legislature is also aware that the sweeps of these funds are impacting their constituents. Staff need to wait and see. The Governor's Budget will be released this afternoon at 4:00 p.m. and the legislative budget is scheduled for release in a week-and-a-half or so.

Ms. Stewart reiterated that the Board needs to stay on top of it because, as some of the people testified back in March, they have counted on this money to leverage other grants. They will not only lose the Board's grant but another grant they had lined up as well.

Chairman Hays noted that apparently these groups are contacting their legislators and added that that is probably more helpful than the Board contacting those legislators.

2. Board Actions

- a. **Concession Contracts – Kartchner Caverns, Lake Havasu and Alamo Lake State Parks** – Staff recommends that the Board authorize the Executive Director or his designee to enter into negotiations and award contracts for concession services at Kartchner Caverns, Lake Havasu and Alamo Lake State Parks.

Mr. Siegwarth reported staff are seeking the Board's permission to re-bid these concessions out and negotiate for a new concession.

Board Action

Mr. Porter: I move that the Arizona State Parks Board authorize the Executive Director or his designee to enter into negotiations and award contracts for concession services at Kartchner Caverns, Lake Havasu and Alamo Lake State Parks as well as negotiate and purchase assets available to facilitate such contracts.

Ms. Pfister seconded the motion.

Ms. Stewart referred to the Alamo Lake purchase and asked how much they are talking about to purchase the assets.

Mr. Siegwarth responded that it is expected to be less than \$10,000. The bank is expected to foreclose on the assets at Alamo Lake concession. Staff are in discussions as to whether or not to buy them.

Mr. Ream added that the Alamo Lake store is just a conglomeration of mobile buildings put together to pay the store. Staff's only consideration in purchasing them is that it would be some time before a new facility can be established there for a concessionaire. If the bank forecloses and the price is right, staff might pick up the bargain and get the store going again while the plans are developed for a new facility for serving customers. Staff need to be prepared if there is a bargain or option. He believes ASP would be the only buyers just because of the condition of the buildings and the location of the park.

Ms. Stewart noted the Kartchner Caverns State Park (KCSP) contract indicates that the annual adjusted gross sales have been approximately \$1.1 million. She asked what percentage of that figure the agency receives.

Mr. Siegwarth responded that it is a graduated percentage that begins at 20% up to \$750,000 in sales; then it goes to 23% and then 25%. Anything over \$1.25 million in sales brings the agency 25%. It is pretty much at 23% currently.

Ms. Stewart asked if contracts such as this have any provision for an audit. The Board is relying on them to represent their earnings accurately.

Mr. Siegwart responded affirmatively.

Ms. Stewart noted that the RFP says that tentative services and terms include basic snacks and pre-prepared food items. She asked if that applies at KCSP.

Mr. Siegwarth responded affirmatively.

Ms. Stewart asked if staff are asking the vendor to expand the services being provided.

Mr. Siegwarth responded that it is being put on the table and staff will then hear their proposals. He spent New Year's Eve in Safford, AZ and heard that one of the websites that visited KCSP only gave the park four out of five stars. The two reasons were the lack of food service and the scheduling of The Big Room versus the Throne Room/Rotunda. They felt there should be a package available for both tours.

Ms. Stewart asked if the same kind of contract as now is being sought at Alamo Lake State Park or if staff will request a graduated percentage.

Mr. Siegwarth responded that some of these contracts are old. Staff would like to update them. Alamo Lake would be one of those. Alamo Lake is currently a flat \$2,400 annually or 3% of gross sales. They have had some sales issues over the last year or so. Staff are looking at what can be done, including the possibility of having someone pick up both Havasu and Alamo together.

Ms. Stewart asked if these are parks where the agency does not want to run its own giftshop.

Mr. Siegwarth responded that there are some organizational capacity issues. There are a lot of things staff would like to do. However, he doesn't believe that Alamo or Havasu have the capacity for giftshops at this time. It would be a big jump for the giftshop program. It is difficult to get people out to Alamo.

Mr. Ziemann added that the more of these private concession contracts that can be done, the happier the legislature will be. As with most issues, there is a political benefit to this as well.

Chairman Hays called for a vote on the motion. The motion carried unanimously.

Mr. Porter noted that there were people present who wished to address certain Agenda items. He suggested that the Board may want to return to Agenda Item F.3. even though the Director has not yet returned from the Cabinet meeting.

Mr. Ream responded that staff could probably address this item since Executive Staff have discussed this issue.

F. DIRECTOR'S REPORT

3. Discussion on Lottery Ticket Sales at Kartchner Caverns State Park

Mr. Ream reported that staff do not understand what the full proposal is. He noted that the agency does not receive anything from Powerball so staff do not really support sales of Powerball at state parks. However, the Scratchers tickets and the machines that vend them have become quite common; in fact, they are in some of the state's cafeterias. Powerball tickets can be bought there as well. It would pretty much be up to the concessionaire to make space available for it. He does not know that ASP, as a state agency, is prepared to take this on. Staff are not philosophically opposed to having the machines at parks.

Ms. Pfister noted that, if anything, it gives the Board another opportunity to market the fact that when people buy lottery tickets some of that money goes to the Arizona Heritage Fund. She believes that the more the public can be shown that when they buy a Scratcher their state parks stand to benefit unless legislation changes it.

Mr. Ream reported that staff are willing to leave this decision up to the Parks Board to determine whether or not to do it. If it is done at KCSP, then what is next? Every time something like this is done the staff and Board need to remember that there are 29 other parks.

Chairman Hays noted the Mr. Ron Pies was present to discuss this issue with the Board.

Mr. Ron Pies addressed the Board. Mr. Pies distributed a flyer to the Board and stated his appreciation for the comments made to this point. He noted that he is the Special Projects Coordinator for the Arizona Lottery. He expressed his personal thanks to Ms. Pfister for her service on the ASP Board. He has been watching this organization for the past several years and really appreciates all that the Board has done. He stated his appreciation for the opportunity to speak with the Board this morning.

Mr. Pies stated that he was present to request the Boards endorsement to sell lottery products at the Visitors Center at KCSP. The Executive Director of the Lottery, Ms. Katie Pushor, wanted to attend this meeting but was called away on business. He noted that he is a former member of the ASP Board, having served from 1987 to 1993. During that period the Heritage Act was presented and approved by the voters of Arizona by a substantial margin. This is a fact that some legislators forget now and then. The Board and staff formed evaluating committees, grant criteria, and other mechanisms that resulted in state land improvements for all the regional Arizona state parks, including nearly \$6 million to the development of KCSP. As a member of the Board that initially approved the purchase of KCSP, he is very impressed with the outstanding job that this Board, Mr. Travous, and his staff have accomplished. KCSP is indeed a treasure. He is well aware of the battles that have occurred over the years in regard to the development of that facility. The Board is to be greatly commended for standing by staff and doing an outstanding professional job.

Mr. Pies noted that the Heritage Fund comes from lottery revenues. In the recent past the Heritage Fund has not been fully funded. The primary reason is the decline of the sales of The Pick which feeds the Heritage Fund. When the Powerball was created, two things happened. First was the negative impact on The Pick sales. The second was that all Powerball revenues were directed to the General Fund bypassing the Heritage Fund. This was directed by the legislature.

Mr. Pies stated that after retiring from the City of Tempe after 30 years, he was asked to join the Arizona Lottery staff and serve in the marketing and communications area by identifying projects and programs that benefit from the lottery dollars. There is an interconnection between the Arizona Lottery and the \$80 million pledged to go back into the communities through various programs, including the Heritage Fund. The program has been successful, and they appreciate the assistance of Ms. Bilbrey, PIO of ASP, for identifying high-profile projects for their advertising. Obviously, the highest profile project to receive Heritage Funds has been KCSP. They feel that the sale of lottery products in the gift shop at KCSP would benefit both ASP and the Arizona Lottery, especially if visitors know the connection between the two. Any increase in sales will help kick the Heritage Fund back to full funding.

Mr. Pies added that their Executive Director, Katie Pushor, is committed to full funding of the Heritage Fund. He noted that when he came on board at the Arizona Lottery,

Mr. Gonsher, who was the Director, was charged with getting the organization running efficiently and then to put together the "Where the Money Goes" campaign to make the connection. Ms. Pushor is online and is fully dedicated to bringing in as much money as possible to the State of Arizona. Obviously, that would mean full funding for the Heritage Fund. He has enjoyed working with her and is impressed with the direction she is steering the organization.

Mr. Pies stated that his organization is interested primarily in a vending machine to sell Scratcher tickets. The machine would require a connection and the capability of the Powerball and The Pick sales, but it is not necessarily required. The two could go together, but don't necessarily have to. The new machines do have a reader panel that can be programmed to include a message highlighting any other state parks.

Mr. Pies stated that the specifics of the negotiations would be worked out between the Board's staff and the Lottery Sales staff.

Chairman Hays asked if only products that benefit the Heritage Fund could be sold.

Mr. Pies responded that he fully understands the Board's feeling. He first started with the Lottery when the Powerball situation was going on. As a former member of the legislature, he felt that Chairman Hays would understand that they do what they want to do. He had always thought that as a public servant that when the people speak they listen. That is how he operated throughout the course of his career. He believes that the people have spoken many times regarding the lottery and certainly in regard to the Heritage Fund. The idea that the Powerball was diverted to the General Fund was certainly within the capability of the legislature but he is not certain that it was in the spirit of the way the Heritage Act was written. The word "Powerball" doesn't appear in the language of that act. He is not surprised, but is discouraged, that again in this session of the legislature they are talking about doing some things with the Heritage Fund. There have been 30 attacks on the Heritage Fund to date. It just continues.

Mr. Porter noted that this is not an Action Item so there is no motion to be made. He believes that staff are looking for the general feeling of the Board.

Ms. Hernbrode advised the Board that they can vote on it because it does appear on the Agenda. The Agenda includes language that the Board may take action on any item listed on the Agenda.

Ms. Stewart noted that the Agenda Item specifically says "Discussion" where the others specifically say "Action".

Mr. Ream stated that the Lottery does provide the Board with billboards, radio, and TV ads – recently aimed at KCSP – as part of their promotion to sell more tickets. Putting these machines in can be added to the proposal to the KCSP concessionaire. He does not see the tickets being sold at the kiosk. Even if it's a standalone, there are a lot of details that need to be worked out. For instance, where is a winning scratcher ticket redeemed?

Ms. Stewart noted another issue would be controlling who buys the tickets (no children).

Mr. Pies responded that the law requires ticket purchasers must be over 21. The machines would have to be in an area that would be protected and controlled in that regard. His thought is that the machine would be in the shop controlled by the concessionaire and not involving ASP personnel in any way. The concessionaire could make money on this. Their sales people have told him that in some instances, particularly when the Powerball rises, some concessionaires have made as much as \$25,000 in a short period of time.

Ms. Pfister noted that the agency would then make money on their increased revenue.

Mr. Pies added that he wants the people to realize that there is a connection between the two and the idea of visitors and people with discretionary dollars going to KCSP and seeing this connection is not like throwing money down a hole. It is a situation where if they win that's great and wonderful; but if they don't, then at least there is a portion of their proceeds that are going towards KCSP and other parks. It's a win-win situation.

Mr. Ream noted that staff envisioned it as being run through the concessionaire at the park. The Board has just voted to release a new contract proposal. It would be easy enough to discuss allowing the Lottery to have space in their concession in the proposal. He noted that staff said "No" to the Lottery at one point when the park was first opening only because staff had enough on their plates at that time. Another reason was because sales of alcohol is not allowed there. There is a philosophical idea that the Lottery is gambling and the question was whether it was appropriate in that park. Staff were too busy to deal with it at that time.

Ms. Stewart stated that she is one of those people who really feels it is inappropriate to have gaming at state parks. She understands that there is a connection, but she does not believe that in order to emphasize that connection tickets have to be sold at the parks. She personally does not believe it is appropriate.

Chairman Hays stated that, as a strong opponent of the Lottery when it was passed by the people and a strong opponent of the Heritage Fund as well, he finds that time brings changes or wisdom. He hates to pass up the opportunity. However, Ms. Stewart makes a good point. Would this be offensive to the visitors to the park?

Ms. Stewart asked whether it over-commercializes the park. She is not sure it is consistent with the message that this is an educational experience. She feels it is somewhat incompatible. She noted that there is no bar at the park, alcohol is not sold at the park, etc. A line has been drawn at what activities are appropriate at various facilities. That does not mean that there is not an appropriate place to sell lottery tickets. She is just not sure it's at the parks.

Mr. Winkleman arrived at this point of the meeting.

Ms. Pfister stated that she would like to make a motion at this point.

Ms. Hernbrode stated that she respectfully disagreed with Ms. Stewart's earlier contention that it is inappropriate to make a motion on this Agenda item. Combined with the statement that the Board may take action, the Board could also choose to take a more conservative view and not vote at this time. She does believe that the statement

does give notice that the Board will be discussing what is being discussed and then taking action on it.

Ms. Pfister stated that she would like to make a motion on this item. She stated that she is, frankly, embarrassed that the Board did not think about this a long time ago. If the Board can get past the "sin" issue then the idea of making the connection should be considered.

Board Action

Ms. Pfister: I move that the Parks Board's staff perform a park-by-park analysis of the issue of selling Lottery tickets and determine what the implications are, describe the pros and cons, and compare other public venues where Lottery tickets are sold.

Mr. Porter seconded the motion.

Ms. Stewart asked if the motion is to have a staff analysis performed.

Ms. Pfister responded that it is to have a staff analysis performed and to come back with a more thorough analysis of the implications.

Mr. Porter asked for further clarification of the motion. He noted that it is broader than just KCSP. He asked if the motion is asking that the entire park system be looked at to see where this could be effectively done.

Ms. Pfister responded that if it is done at KCSP then what about the other 29 parks. It may be that a two-tiered system is desired. It may be that staff will recommend doing it at the higher-traffic parks. It may not be appropriate at Riordan or McFarland just because of the traffic. She would like a better analysis from staff as to those implications.

Chairman Hays asked if the motion should include an income projection.

Ms. Pfister responded that she did not think that was necessary. The best thing in the world would be that the agency gets its \$10 million from the Heritage Fund.

Mr. Pies noted that he, too, was originally against passage of the Lottery. However, the people have spoken. He was on the Parks Board at the time, and the Board took it as a responsibility that the Board and staff had to run it as efficiently and as honestly as they possibly could. He believes that's been done. His only concern here is that they are not talking about anything beyond KCSP. He does not believe that the traffic would be there. The main reason they are talking about KCSP is to make the connection. He believes it goes beyond the agency getting its \$10 million in funding. As the Board well knows, with the revenue situation being what it is with the state, any additional income is a benefit. When the Powerball reached a high payoff a few weeks ago the state picked up an additional \$8-\$10 million. Every bit of additional revenue that comes in eases the pressure. When the legislature begins discussing the budget, if there is more revenue coming in (from the Lottery or whatever source), it is beneficial to the Board's picture. When he served on the Parks Board he learned that the Board couldn't just look at ASP; it had to look at the other agencies and functions of state government.

Ms. Pfister noted that staff would need to look at the potential revenue on the concessionaires' contracts because the agency could actually gain twice.

Mr. Porter noted that the timing could be important. He presumes that those contracts are going to be on the table rather quickly. He does not see how the Board can avoid meeting in February.

Ms. Pfister suggested that staff could note in the RFP that there is a potential for selling lottery tickets at the parks.

Mr. Ream responded that that can be done easily.

Mr. Beechum stated that he believes the sale of lottery tickets at KCSP is a great idea. It is what it is. The fact is that lottery monies support the Heritage Fund. Once the logistics and details are worked on this could be a good opportunity.

Mr. Cordasco noted that an additional part of the analysis could be how the sales would benefit the parks.

Mr. Pies responded that the Lottery uses parks and Heritage Funded projects throughout their advertising campaign. He honestly believes that was a big reason why the lottery was successful the last time it came before the voters. The idea here is the high profile aspect of KCSP. It is the jewel. Visitors come to that park from all over the world. Let those visitors pump the Heritage Fund back up.

Ms. Stewart noted that it would be good to know what other states are doing and whether they sell lottery tickets at their parks.

Mr. Porter noted that he, too, voted against the Lottery the first time around. He did not like the idea of gambling in Arizona. But it has come. He would have more sympathy with the notion that the parks are pristine and pure and should be kept isolated from that if it were not for the fact that they are drinking at the Lottery's trough.

Chairman Hays called for a vote on the motion on the floor. The motion carried unanimously.

Mr. Ream stated that his understanding of the motion is that staff will come back with a more detailed analysis of what the lottery would do inside the parks, logistics of putting it in, what parks might be appropriate beyond KCSP, what other states are doing, and potential revenue.

Ms. Stewart stated that she would be more comfortable having lottery sales at parks other than KCSP such as Lake Havasu. KCSP has a different focus. It is being presented as an educational park.

Mr. Ream added that, because of time constraints, staff will include a potential for lottery sales in the RFPs to the concessionaires.

Mr. Travous returned to the meeting at this point.

2. Discussion of State Land Trust Reform

Mr. Travous reported that the Board has received a packet of information requested by Parks Board members relating to an upcoming referendum.

Mr. Ream reported that staff have heard through the grapevine that a group has been meeting to identify State Trust lands and have seen some maps that included some State Trust lands for sale or through this referendum. Staff view this as a sale sign at a favorite store. Staff want to ensure that some of the lands they identified for years are included. This document is an update for this Board to see those lands. Staff submitted similar maps to the group through Mr. Andy Lorenzi of the Sonoran Institute. Mr. Lorenzi brought those maps forward to the committee. Staff understand that the bill has not been drafted yet. These are lands that have been identified in the past. Some of the parks are on State Trust lands (Homolovi and Lyman Lake) and these are parcels the Board would like to acquire anyway and get in that line.

Mr. Winkleman noted that the line is very long. He reported that this is a group of people who have been meeting for more than three years to discuss the reform of the laws the ASLD operates under. That package includes many aspects and it is a package. No one of these things stands alone. The part that will be discussed today is the maps. They show land that will be given two classifications: Incentive Lands and Option Lands. If it passes, Incentive Land is essentially permanent open space with the vertical development rights stripped and no compensation to the Trust. Those lands would probably be conveyed out of ASLD to municipalities, trusts, parks, etc. The total of Incentive Land is approximately 300,000 acres as it sits right now. Option Lands would be designated as available for purchase for open space without auction before they could be sold otherwise. Both the Incentive and Option lands are throughout the state. A huge amount of discussion went into these designations.

Mr. Winkleman stated that the Option Lands category includes about 450,000 acres. Some are in urban areas. The cities wanted a period of time to get their acts together to arrange for funding and planning. There will be the ability to potentially do non-cash considerations (such as density transfers) to accomplish it. It won't happen earlier than five years, but it will go on indefinitely beyond that. The idea was that these lands would be sold for full value; they would be valued as whatever economic value they have and not as open space. While they have been deed restricted (as under Growing Smarter) as open space they are valued as their full value so that that Trust would be fully compensated. Before they would be sold at auction they would be offered up as permanent open space. If the relevant community or entity desired to buy them they would be able to do so. If they chose not to or were unable to do so at that point in time, then they would lose that classification and be Trust lands that ASLD would deal with.

Ms. Stewart asked if the Option Lands would also be deed restricted.

Mr. Winkleman responded that they would be available for purchase as deed restricted.

Mr. Winkleman noted that this group is a very diverse group of interests. Like all of the provisions, this part was hotly contested. The Environmental Coalition came in with a wish list that was well over 1 million acres to begin with. Other groups had lists of 0 acres. The fact that they ended up in the 750,000 acre range is significant. There were a series of meetings where groups sat in ASLD's offices and areas of the state were projected onto a screen. There was a very lively debate about every corner of the state. Mr. Laurenzi was the point person for the environmental community. The Nature

Conservancy was usually there in force. The Grand Canyon Trust was a regular attendee. There were county and city representatives as well. It took a lot of effort and a lot of discussion and there was a lot of disagreement. The maps ended up as they have.

Mr. Winkleman stated that, in terms of its effect on ASP, it appears to be accurate in terms of how it was treated. They were very careful to say that this is a draft map at this point in time. A Public Records Request was received from the Tucson newspaper at the end of last year. A non-press conference was held on New Year's Eve and these maps were distributed to all the papers. The maps are available on the ASLD website.

Mr. Winkleman stated that the fact that they are drafts and may change is true; however, he does not expect substantial changes given the amount of work that has previously gone into them. Anyone would be naïve to think that there will be wholesale changes. He sat through every one of these meetings and would be hard-pressed to describe the methodology and the process. This is one of those things that occurred over a series of months. Negotiations were very serious. There were good reasons for each decision. He would defy anyone to compile it into how each piece of property was looked at and assessed and explain the result. He believes it was a very thoughtful process and certainly well-represented. Those in favor of conserving open space will be pleased with what is on these maps.

Mr. Winkleman added that, in terms of what ASP and the Board can do at this point in time, he believes they should make their thoughts known. There will be a period to at least consider what comments have come in. Other groups have made their feelings known about adjustments or additions to the maps. It is well worth the time to prioritize the Board's needs. He asked if this document is what was given to Mr. Laurenzi in terms of prioritization.

Mr. Ream responded that the properties were not given to Mr. Laurenzi in much priority at that time, however these are the same properties but better defined. The maps are essentially the same.

Ms. Pfister noted that it totals about 7,000 acres.

Ms. Stewart added that seven parks are affected. Three of them involve land that the parks actually lease today. We are not only talking about additions to the parks but the parks themselves.

Mr. Winkleman stated that he does not know that there will be a formal session where changes are considered. He guesses that there will be some kind of meeting where the primary people who were involved in the maps may reconvene and discuss this. There is not a desire at this point to have a formal "come in and visit and give us your position" sort of thing. Largely, people who feel strongly have written letters. Legislative representatives and others have contacted them. It is a rather informal process. The Board can decide how it wants to go about making its feelings known. At a minimum something in writing would be worthwhile and he would be happy to deliver and discuss it as this develops.

Mr. Winkleman noted that this is not a decision that he or ASLD or any one person made. It was a fluid group. Frankly, the beneficiaries very forcefully represented their own interests as much as anyone had input in this. He stated that it is admirable that they were as agreeable to this as they were. The value of the land on that map is staggering. To forego this kind of value potentially is a very generous act on the part of the beneficiaries. No one person will speak for this. Even his recapping it now for the Board is just his opinion and might be argued by others who were part of this process. Because he did sit in on these meetings he is giving the Board the benefit of his thoughts on it.

Mr. Winkleman reported that Patagonia Lake was very definitely addressed in this group and had a lot of support. It did not end up on the map in any form. He did not sense any desire for this land to be treated any differently. They are aware of the lease with ASP. There was some discussion about the lawsuit with the property owners and the easements and the hornets' nest there. It was discussed; it was looked at; they decided to not put it in the classification. It was a value judgment as opposed to some of the other areas that were looked at.

Ms. Stewart noted that when she spoke with Deputy Land Commissioner Hubbard earlier in the week he mentioned that one reason Patagonia was not included was because they were under the impression that ASP wanted to put in cabins and that there would be a restriction on doing that if it was designated either as Incentive Land or Option Land. She wondered if this decision was based on incorrect information. ASP does not have any plans of doing that.

Mr. Winkleman responded that there was a little bit of discussion that related to that. He does not believe that was a significant reason why this did not show up. He believes it illustrated some of the challenges. As these lands are given these designations, people are quick to say they want to strip the vertical development rights. However, as he pointed out shortly after his visit to Patagonia Lake himself, this is a situation where care is needed because there are boat ramps, convenience stores, and other buildings. One doesn't want to get into a situation of preventing a public park because of prohibiting these types of structures. That is one of the issues. They have to be very careful to think about it and not prohibit. He does not believe that that was a significant reason why this wasn't put on the map.

Mr. Winkleman noted that the quarter section parcel at KCSP was designated as Option Land. They recognized the importance of its location next to the park. It was also noted that ASP had purchased the quarter section immediately adjacent to it and the feeling among the beneficiaries was that they are happy to have it preserved but if ASP can buy the private land they ought to buy the Trust land as well.

Mr. Winkleman noted that the section-and-a-half immediately south of KCSP was designated, again, because of its proximity to the park. He believes they took it very seriously and gave it the appropriate designation. There is some Option Land that extends beyond that. He doesn't know to what extent the Board would find that important. It is a link to mountains that are east of the range of mountains KCSP sits in. They tried to give this area the ability to purchase that corridor and designate it as Option Land if they felt it was important.

Mr. Winkleman noted that there was significant land that received these classifications across the highway from Picacho Peak State Park that, while not a state park, is much like that park. They essentially ringed it with a section all the way around. There is a mile boundary to protect that mountain.

Ms. Stewart noted that the Board is currently leasing Section 10.

Mr. Winkleman responded that he did not believe the lease to ASP was ever discussed. This might be one that would be worth revisiting. Overall that area was very generously handled even though a significant amount is across the highway.

Ms. Stewart stated that for park purposes it would be more important to retain what is being used now as a park than a lot of land across the street.

Mr. Winkleman responded that there was probably a lot of thought on these areas that they are already taken care of because it is a state park and other areas that don't have any kind of protection need to be preserved. That may have worked against ASP in some regard.

Mr. Winkleman noted that the Board will need to pick its battles. He believes that, all-in-all, this area got pretty good treatment. However, he would certainly not fault the Board for asking that another look be taken at Section 10.

Mr. Winkleman noted that Oracle State Park was Incentive Land and was fully taken into account. He believes that it is an isolated park from Trust land and everyone seemed to feel this was a good idea.

Mr. Winkleman noted that Lyman Lake probably did not get serious consideration. He does not recall any significant discussion.

Mr. Winkleman noted that Homolovi also got very little consideration partially because of the checkerboard. The checkerboard pattern presented a real challenge to the group. They didn't want to unduly benefit private land just by giving away the checkerboard part. He did not know that Homolovi was discussed as a state park. It was largely discussed because of trying to eliminate the checkerboard because of the many problems. The only exception to that was Chino Valley. The Nature Conservancy named Chino Valley as their number one priority. There was probably more discussion on that part of the state than any other part of the state because of watershed protection and grasslands, so it was the only major exception to the checkerboard areas being eliminated.

Ms. Pfister asked if it was worth trying to let people know the Board's preferences on this because of the archaeological sites.

Mr. Winkleman responded that it wouldn't hurt. In this case, the more limited the better. If the Board tries going out around the park its chances would not be good.

Mr. Ream noted that Catalina State Park is the lowest priority. They are properties just to the north of the park that are currently being used as park. People don't distinguish much between this open space and where the park boundaries start. It is more as a buffer. He is aware that buffers were not a high priority.

Mr. Winkleman responded that he believes they felt that the park is next to Forest Service land. It is a rather large area. That Trust land is actually valuable land. Much around it has been developed. This was one that the beneficiaries said was not one they were willing to give up the values.

Ms. Stewart noted that it appears to her that the Board's highest priority should be the lands that are in the state parks now that are being leased and protecting them. If the Board is not able to do that through either Option or Incentive Lands, is there a possibility of getting a special provision that states that lands currently leased by ASP for park purposes can be purchased by ASP without auction.

Mr. Winkleman responded that the Incentive category will be very difficult to change. It is free land. He would be willing to advocate on the Board's behalf that the land that is currently a state park is serving a public purpose; it's subject to lease. If ASP can come up with the money to purchase it they ought to let them do it. He thinks that has some chance of success and would be a good direction to go. He believes, in all honesty, the chances of getting it free at this point are not good.

Ms. Pfister suggested a long-term lease would be acceptable.

Ms. Stewart agreed. She believed that the Board's goal is to protect the park and not necessarily get a free ride. Either a long-term lease or purchase without auction (because of the technicalities of the agency bidding at auction) would work.

Mr. Winkleman noted that there is an allowance for longer-term grazing leases and mitigation leases with the concept of being willing to tie up the land for longer periods in return for increased stewardship. It might be something that can be done from a drafting standpoint.

Ms. Pfister noted that that might be the simpler way. Then the Board is not asking for it for free and can continue to pay its lease. The Board would continue to manage it.

Ms. Patty Boland, Assistant Attorney General, responded that either way might work. There may need to be a discussion as to whether the Board wants longer-term leases or if they should be designated as Option Lands so the Board could eventually purchase them. A combination of the two may also be appropriate – long-term leases while the Board is trying to get the money to purchase them.

Ms. Pfister responded that, politically, the Board would have a much better case with the long-term leases. Once it's opened for the Board then they have to open it for others.

Ms. Boland stated that she felt it is the opposite. The long-term leases is the grazing piece of it. That was the most controversial part. It would be taking another category under long-term leases.

Mr. Cordasco asked if trades of any kind will be a part of this.

Mr. Winkleman responded that he thought they would. The beneficiaries, in particular, have been pushing for a public trade with designated areas on the map. There are about 500,000 acres of inholdings within national monuments and wilderness areas that they can't lease or do anything with. They are seeking the ability to trade with BLM or

other public entities to eliminate some of them. There is concern that that has been defeated by the voters five times in a row and they don't want that to be an anchor on this reform. There is some polling occurring how to see what people think. It is on the list at this point.

Ms. Boland noted that it is specifically identified land that is being talked about so that the public does not perceive it as some open-ended authority. To the extent ASP has some specific lands that might be available to a trade, they would include it.

Mr. Cordasco asked why this is being called "Reform". It sounds more like designating land.

Mr. Winkleman responded that he has only gotten into one aspect. There is the creation of a Board of Trustees; there is the ability to keep proceeds from sales; there is the ability to perform various types of dispositions. It is truly a major reform. He has only focused today on the open space piece.

Chairman Hays asked how long it will be before passage.

Mr. Winkleman responded that they should have a pretty good idea where things stand by the next meeting. It will be before the legislature soon. They should know whether it will go by March.

Chairman Hays noted that Mr. Winkleman needed to leave the meeting for another appointment but wanted to make a statement on Agenda Item G.3.a.

Mr. Winkleman stated that he is in favor of extending the Pima County Trails Heritage Fund Project #689807. He also stated that it was a pleasure serving under Ms. Pfister. He apologized for having to leave the meeting at this point.

Ms. Stewart asked if Ms. Boland might have further suggestions on how the Board might proceed with leases.

Ms. Boland responded that she believed the beneficiaries thought they would be getting revenue out of it and that might have actually hurt ASP. Since rent was being paid, the beneficiaries thought they were making money there and why should they give it away.

Ms. Stewart asked how long the leases on these properties are.

Ms. Boland responded that she believed the leases are 10-year leases.

Ms. Stewart noted that that doesn't give the Board much protection. She understands that the Board doesn't want to necessarily be on the same clause with the grazing leases, but suggested a separate provision that deals solely with the state parks' lands. She asked if the same problem would be that people would be against it.

Ms. Boland responded that she believed it would be difficult if it is limited to state parks and opened up to longer term leases. They will have mitigation leases that will be for clean water purposes.

Ms. Stewart noted that she believes it is different for ASP in that this is money that the state taxpayers have already paid for improvements to the parks – they bought adjoining lands. They put considerable investments into these properties. If the leased lands were lost, some of the parks will be pretty well destroyed. She believes that is a

different kind of situation. It appears that the public or this group really didn't intend for this land not to continue to be used for park purposes. Yet there isn't any provision where the agency will be able to have any adequate control on continuing them long-term in order to plan or control what the lease fees will be.

Ms. Boland responded that that is why she suggested that the Board may want to go the Option Lands route. In rural areas the five-year limit on the Option Lands is only in urban areas. Obviously, most of the parks are in rural areas. The Option designation remains until those lands become urbanized. The vertical development rights would be stripped from the Option Lands until they became urbanized.

Ms. Stewart asked if they are designated Option Lands the Board would be able to purchase them earlier before the value goes up.

Ms. Boland responded affirmatively.

Ms. Stewart asked if the Board would have problems if it made its case on the lands already in the parks as far as being Option Lands.

Ms. Boland responded that she believes that would be saleable.

Ms. Stewart stated that she believes some of the buffers are important, too. However, the number one priority would be protecting the land already being used as a park.

Mr. Ream noted that some of these leased lands have park development on them. The visitors' center for Homolovi is on State Trust land, as is the campground maintenance facility and water treatment facility at Lyman Lake. There are significant trails and parking areas at Patagonia Lake. The entrance to Oracle is on the edge of State Trust land, as well as the entrance of Picacho Peak State Park. The actual contact station building is up against the fence of the land leased. These were traded to State Trust land while the State Trust could trade lands for the purpose of becoming an Arizona state park.

Ms. Stewart asked how it would work if the Board could get them as Option Lands. She asked if that would prohibit the Board from ever improving or replacing them.

Ms. Boland responded that it might. She doesn't know the answer. To the extent it is consistent with a conservation designation some improvements could be done. Again, there is concern that it become commercialized.

Ms. Stewart asked how this situation can be resolved.

Ms. Boland responded that she would be happy to work with the Board and staff on a resolution.

Ms. Stewart asked what Ms. Boland's thoughts are on some of the other lands the Board feels are important to have in terms of buffers. Will a cover memorandum be needed that outlines the Board's overall desires. She is aware that each individual piece has been dealt with, but is a letter needed to go along with it.

Ms. Boland responded that if there is something amenable to an exchange it would be helpful.

Mr. Travous stated that staff have been looking. For example, at Oracle it may make sense to not have the road come through the entrance. Land at Oracle could be traded for that if it's not deed restricted. The Board does not have much land. There is not a large land base with which to negotiate.

Ms. Stewart noted that, from a political standpoint, people may not like it if there is something in there that ASP can start trading its land and it may be something that can come back to bite the agency later.

Mr. Travous responded that the Board has authority now to perform trades with ASLD.

Ms. Boland suggested identifying those lands the Board would like designated as Option Lands that have not already been designated as such. Specifically identify them. That message can be taken to the group.

Ms. Stewart asked if Ms. Boland felt as Mr. Winkleman that the Board has all the Incentive Lands it will get.

Ms. Boland responded yes, that was difficult. The beneficiaries wanted that number to remain around 240.

Ms. Stewart asked if the Board felt that some of these locations that are designated Option and some that are designated Incentive should be designated as the other would be worth making a suggestion.

Ms. Boland responded that it is certainly worth making the suggestion.

Ms. Stewart asked if the Board keeps the total acreage the same on the Incentive it might work.

Ms. Boland responded that she believed that is true. It was acreage and the location. There is a lot of land in Pima County – a lot of grasslands – because they really had significant ecological values. Those are the things the group looked at. They looked at what the Trust was giving up in terms of value and whether they were really lands that were worth protecting.

Chairman Hays then moved to Agenda Item G.3.a.

G. PARTNERSHIPS

3. Board Actions:

- a. Consider Expiration of Pima County Trails Heritage Fund Project #689807, Arizona Trail: Segments 9 & 10 Acquisition** – Staff recommends that the Board take no action and allow the grant agreement to remain expired.

Mr. Ziemann reported that ASP staff are present to answer questions the Board may have. This issue is in regard to a grant this Board gave to Pima County in 1998 to acquire two segments of the Arizona Trail from ASLD. This grant has already been extended twice and currently expired at the end of the last calendar year. The message that he particularly wants to put forth is that while ASP staff fully supports the acquisition of segments of the Arizona Trail and responsible management of that trail, staff would prefer that this five-year-old grant be allowed to expire and that Pima

County be encouraged to reapply for Trails Heritage Fund money based upon updated appraisals. He believes that if Mr. Winkleman were present he could testify to the fact that State Trust land values have changed a bit in the last five years. Staff believe this would be a more prudent action. The deadline date for application for Trails money from the Heritage Fund is February 27. Pima County would still have about six weeks to apply for another grant basically asking for the same thing. Staff could eliminate this from the books and move forward in what staff consider a more prudent fashion.

Ms. Hilderbrand reported that she has a lot of detail but would just highlight the events leading up to this point. If the Board has specific questions she can answer them. This grant was awarded in September 1998 to purchase approximately 20 miles of right-of-way of State Trust land in the amount of \$95,000 to Pima County. The original project end date was December 2001. It was administratively extended by staff for one year. It was extended again by this Board with a new end date of December 2003. The grant expired as of the end of 2003.

Ms. Hilderbrand stated that, as Pima County has in the past, they could have again gotten an extension by submitting a written request, justifying why the extension is needed, and submitting another timeline on how the project would be finished within the next year. The guidelines also state that that information is needed three months in advance so that staff can review the file, bring it before the advisory committee, and then bring it before the Board for its decision prior to the expiration of the grant. Pima County was reminded on three different occasions – in August, in September, and in November – and staff had not received a written request. Staff went to AORCC without a written request in the packet. A written request without any supporting documentation was received on December 4.

Ms. Hilderbrand reported that more information was presented at the AORCC meeting. AORCC had a discussion on this new information. Based on legal advice they extended the grant award to the end of February to allow staff to review that information and make another recommendation. Staff have reviewed that information and the staff recommendation does not change.

Ms. Hilderbrand stated that staff did recommend to AORCC to not extend this request based on the consistent noncompliance of the participant as well as staffs' lack of confidence that this project will be completed in the next year. AORCC recommended the extension with a 4-1 vote. The one dissenting vote felt he wanted to vote with staff and let the grant expire.

Ms. Hilderbrand stated that staff is very sympathetic to delays. That is why there is an amendment process in place. Staff's only request from any applicant or any participant is to tell staff what is going on and staff will bend over backwards to help. To be honest, staff do not know what is going on with this participant. Staff do understand that there were a lot of issues with the BLM. The Conservation Management Plan was not done in a timely manner. That was two years ago and staff still do not know what is happening with this project. Staff received a ton of information in the last five weeks. Staff wish they had had this information two years ago.

Ms. Hilderbrand reported that another information packet was received on January 5, 2004. Included in that packet were cultural resources surveys to date, maps of the trail

alignment, and wildlife and vegetation surveys. Staff reviewed the information and realized that not all of the cultural resources surveys have been completed. This is key because nothing moves forward without these surveys. SHPO has not approved anything; they haven't even started reading these surveys.

Ms. Hilderbrand added that staff wanted to "punt" on this issue. Staff wanted to give the Board the facts and let the Board decide. Staff very specifically requested certain pieces of documentation to indicate that this project was moving along. Those requests were absolutely ignored. Staff still do not have that documentation from two years ago. She noted that Pima County (or anyone else) can apply for money next month, there is also the option of the Waiver of Retroactivity. Pima County can get a Waiver today and can proceed with the purchase of this land and still apply for reimbursement next year for the full priced value. These appraised values are five years old. The grant award is based on five-year-old land values. Staff encourage that this process begin again. Staff may have to come back to the Board if the Board allows this extension and they find that the land values have gone very high.

Mr. Cordasco asked how much of the 20 miles have been purchased.

Ms. Hilderbrand responded that none have been purchased. It all happens at the same time.

Ms. Stewart asked if staff is concerned that if the Board did grant an extension that the project would not be completed during the extension period.

Ms. Hilderbrand responded that staff has no idea if this participant would complete the project. Staff have seen three different timelines and they have never been followed even closely. As an example, in May of 2002 they indicated they would complete the cultural resources survey by the summer of 2002. They are not done. SHPO has indicated that for this kind of project it takes about five weeks to complete a cultural resources survey.

Chairman Hays invited the guests in the audience to address this issue at this time. He asked that the speakers limit their comments to five minutes.

Mr. Rafael Payan, Director for Pima County Natural Resources Parks and Recreation, addressed the Board. He congratulated Mr. Hays on becoming the new Chairman of the Parks Board and thanked Ms. Pfister for her service to the Board.

Mr. Payan reported that he and his staff are present to present the other side of the story and hopefully achieve a reversal on staff's recommendation after looking at the continuation of this project. Needless to say, this project is critically important to the Arizona Trail. They have been working on it forever. There have been some hang-ups and some holes which Mr. Anderson will speak to. Mr. Payan takes responsibility for not getting those reports in. He assured the Board that, if given the opportunity, those reports will be delivered in a timely basis. He noted that a letter was sent by Ms. Bronson, Chairman of the Pima County Board of Supervisors, in support of this recommendation to extend and continue the project.

Mr. Payan stated that his staff continuously worked on the project even before receiving the grant. They knew that the Arizona Trail was coming through and that Pima County

would be an integral part of it. His staff actually met with several community groups as well as other interested parties to ensure that an alignment was identified. They spent eight years working with BLM trying to identify the alignment and get the approvals which, again, did not prove fruitful. They recently met with several parties who do support this project and continue to support it. In December they did have an opportunity to present to AORCC and they made a recommendation to allow Pima County the opportunity to demonstrate that this project can be completed.

Mr. Payan stated that Mr. Anderson met with the ASLD a few days ago. Again, it appears that the segment that the trail goes into is now close to being put up for auction. He understands that there are recommendations. He was once a part of ASP and understands the benefits of moving money. The Board has a commitment to move this. By the same token, it is a situation where they have a grant. They feel confident that this will be doable in the very near future within the extension requested. They have the support of ASLD staff in placing this segment out to bid.

Mr. Payan introduced Mr. Steve Anderson, Sr. Planner for Pima County Parks.

Mr. Anderson addressed the Board. He stated that he would like to provide the Board with additional information about Pima County's Arizona Trail Heritage Grant that was not contained in the staff report, address inaccuracies in the information just provided by ASP staff, and to appeal for an extension to the grant through 2004.

Mr. Anderson stated that Pima County has been working continuously on the Arizona Trail project since the mid-1990s. They first begin working on trying to identify an alignment connecting Saguaro National Park (the southern boundary) with the existing Arizona Trail at Oak Tree Canyon in the Nogales Ranger District of the Coronado National Forest in conjunction with the National Parks Service's Rivers Trails and Conservation Assistance Program in the summer of 1994. A tentative alignment had been identified by early 1995 that connected with the US BLM's Empire Cienega Resource Conservation Area at the trail segment's southern end. The BLM was very interested in having the trail connect with and cross its jurisdiction but could not and would not commit to accommodating the trail until its Resource Management Plan for the Empire Cienega was complete. BLM began working on that plan in April 1995 and finished it this past fall.

Mr. Anderson stated that while waiting for the BLM to finish its Resource Management Plan of the Empire Cienega, Pima County continued working on its segment of the Arizona Trail. They included the Arizona Trail in its 1997 Open Space Trails and Historic Preservation Bond program which was overwhelmingly approved by their voters and they dedicated \$125,000 of that bond funding specifically to the acquisition of the Arizona Trail corridor, the subject of this discussion.

Mr. Anderson stated that they applied for a Heritage Fund Trails grant in 1998 to help them acquire additional trail corridor. The combination of these two funding sources provided the funding they needed to acquire the corridor. The Resource Management Plan for the Empire Cienega was still not completed by 2001 and BLM was still unwilling to make any commitment to the Arizona Trail and Pima County. Pima County, the National Parks Service, and ASP staff at that time, as well as the Trails community, determined that it was imperative to identify another route. The effort to

establish an alternative route began. Pima County staff and a large number of volunteers from the Trails community spent literally hundreds of hours each on the effort to develop that vital alternative.

Mr. Anderson stated that by the spring of 2003 a very high-quality route had been identified and laid out on Arizona State Trust lands. By that time GPS data had been collected for the entire route. Cactus version of the Pygmy Owl and Pima Pineapple Cactus surveys have been conducted and distributed. Final cultural resource surveys were underway.

Mr. Anderson stated that, knowing they would need to go to auction by the end of the year 2003 to stay on their grant timeline, Pima County staff with the support of Governor Napolitano's office worked with ASLD staff to establish a November auction window for the trail corridor. Unfortunately, the ASLD with its extremely limited staff resources was unable to complete the appraisal process in time to schedule the auction for November. That led Pima County to initiate face-to-face discussions with staff in the ASP Partnerships division at the State Trails Planning meeting in Tucson last fall about the need to seek an extension in early October 2003. At that time ASP staff indicated he understood what was going on and had no problem with their request for an extension.

Mr. Anderson noted that they also included the appraisal issue in the meeting with ASP staff. An issue that arose with the State Lands appraisal was included in their Third Quarter Grant Report. It was provided to the Partnerships division last October. In addition, Deputy Land Commissioner Richard Hubbard has provided them with a letter expressing the ASLD's enthusiastic support for their requested extension on the grant. A copy of that letter has been provided to the Board.

Mr. Anderson stated that he wanted to thank the ASLD for all their help on this project. It has been a difficult project. More than 21 miles have been worked on to get this route identified in the corridor. They have been terrific to work with. The Governor's Office has been very supportive in their effort as well.

Mr. Anderson stated that, in review, to date the following work has been accomplished on this project. Their alternative route has been identified in GPS (21.2 miles on State Trust lands). The total corridor is 24.95 miles. The trail runs through two pieces of property that are owned by Pima County. Four seasons of Cactus Pygmy Owl surveys have been conducted in the Rincon Valley as well as two seasons in Pima County's Colossal Cave Mountain Park and the Agua Verde Creek, and the Cienega Creek areas. In addition, in 2002 the County's Biological Consultants assessed the Arizona Trail alignment in Santa Rita Mountains, near the southern perimeter of the section to be purchased and determined that all surveys were not necessary there because the habitat was unsuitable but that the habitat was suitable for the listed endangered Pima Pineapple cactus so surveys were conducted for that plant. Seven major plants were found along the trail alignment proposed but none were in full proximity to affect the alignment. Cultural resource surveys are complete for all sections of the trail. All surveys have been submitted to ASLD for review of their cultural resources staff and to SHPO. SHPO has all but one report and have had them since early December. They have 45 statutory days to review those documents. That timeline ends shortly. Their

report is due imminently. He stated that he is pleased to say that only one significant cultural resource site was found through the entire survey process at the northern end of the trail just south of Rincon Creek and they were able to adjust the trail away from that site to an appropriate distance.

Mr. Anderson added that the necessary current appraisals are essentially complete by ASLD and are undergoing final review and confirmation. Their appraisals will be up-to-the-minute as soon as they are finished. Because all appraisals quickly become stale, they will without question go to auction on the trail corridor no later than mid-year 2004. It is an absolute certainty that they will be acquiring a certain length of this trail in 2004.

Mr. Anderson stated that much of the information he just discussed is in the package he provided to the Board. The contents included several letters requesting or supporting the extension. There are also documents that relate to their funding commitment which remains in place. There are documents that demonstrate some of their project spending to date.

Mr. Cordasco asked why there was such a disconnect in the communication between Pima County and ASP.

Mr. Anderson responded that that is a good question. They filed Quarterly Grant Reports. All of their reports for 2003 were submitted as well as all of their reports to 2002. They speak with certain ASP staff all the time. People know what Pima County is doing. Everyone in town knows the problems they encountered with BLM and getting their alignment dealt with. They tried to be a good partner and not push BLM to make a decision. They gave them a long time to get their plan done. As a result, Pima County is up against their time line. They will auction without question.

Mr. Travous stated that he would like to move the discussion away from an individual ASP staff member versus Mr. Anderson. He noted that this is the second time within the last six or eight months that there has been a problem with a grant because of "he said/he said". The reason staff ask for these things to be written down in a timely manner is to keep a grantee from saying, "I told X and he didn't follow through." That is why the agency asks for these things in writing. It takes the hook off individual ASP staff. On the other hand, it takes the hook off the grantee that they provided the information to staff and they did follow through. He would like to take this discussion off that process.

Mr. Travous noted that staff are trying to follow the process that the Board has given them through the guidelines. Those processes work very well when there is a lot of money. They don't work so well when things are delayed and money gets delayed in the process.

Ms. Stewart asked if staff are saying they did not receive the reports in writing that they were supposed to get.

Mr. Travous responded that he is saying that the guidelines state that if a grantee is asking for an extension it is done in writing three months before it's due in order to give staff ample time to perform a review. If he understood ASP staff correctly, that written request was not received. In discussing this from that perspective it does not become an

individual ASP staff member in a conversation at such-and-such a time said or understood such-and-such. He would prefer to not get into that kind of dialogue.

Mr. Cordasco asked if Pima County followed the guidelines that were just discussed.

Mr. Anderson responded that they were aware that there was a 90-day mandatory submission time line for the extension. They did have a brief discussion with ASP staff at that meeting and it was not mentioned at that time. It is his responsibility to know the administrative guidelines. That is true. He reiterated that all of their Quarterly Reports are in and there is supporting documentation of the alignment they are working on.

Mr. Anderson stated that Pima County appreciates being provided with the grant in the first place. Their communication could have been better. They are busy like anyone else with a multitude of projects and a lack of staff. They have established a time line with ASLD. They are before the Board of Appeals in March. They are auctioning in June regardless of whether they have this grant or not. If they have this grant they will be able to buy more trail corridor. If they don't have this grant, they will buy what they have with their 1997 bond.

Ms. Stewart asked what the current appraised value is now and whether Pima County expects to come back to this Board with a request to amend the value.

Mr. Anderson responded that they won't be back to ask the Board to increase the value of the grant. If anything, the value will be less than anticipated. They were a bit liberal when they made their original grant application. They have not seen the final appraisals yet, but expect to see them this week. It appears to be good news so far from what the Right-of-Way division of ASLD has told them. With these two funding sources together they will have more than enough funding to purchase the corridor and survey it.

Ms. Stewart asked if everything has been done that needs to be done in order for this to go through except for the purchase and the SHPO approval.

Mr. Anderson responded that their file is complete at the ASLD and there is only one report remaining to be transmitted to SHPO for their review. All other cultural resources reports are there and they are nearing their statutory review timeline. They will look at this last report soon. It's a small segment of the trail and shouldn't take them very long.

Ms. Stewart asked if these copies were submitted to ASP staff prior to today.

Mr. Anderson responded that they are buying the corridor from the ASLD and not from ASP. They do not typically submit copies of these things to staff.

Ms. Stewart asked if ASP staff were notified that they are complete.

Mr. Anderson responded that they have been telling ASP staff as they have gone, but not formally as they should have. They do submit Quarterly Grant Reports. Any issues are raised in these reports.

Ms. Jan Hancock, President of the Arizona Trails Association, addressed the Board. She congratulated Mr. Hays on being elected Chairman of the Board and thanked Ms.

Pfister for two wonderful years as Chairman. She stated that she is just here to support Pima County. Her organization are the "cheerleaders". They don't have anything other than a huge bevy of volunteers that have been committed to the Arizona Trail for many, many years and who have attended all of these BLM meetings month after month and year after year protecting their ability to have the Arizona Trail in Pima County and connecting to the Empire Cienega.

Ms. Hancock stated that throughout all of this there has been complete trust in all of the residents of Pima County that they would have the Arizona Trail in Pima County. It would be a cold bucket of water on a lot of really hot people trying to get this project through. This is the most significant piece now of the Arizona Trail that has not happened. They are in it for the long haul regardless of how long it takes. They are in their 10th Anniversary year this year. She invited the Board to attend their 10th Anniversary celebration.

Ms. Hancock stated that they support Pima County; they support all of the effort that has gone into the process. They do support AORCC who did ask for the extension. She belongs to the ASCOT committee and these citizen committees report to the Board for a reason. This is AORCC's recommendation. ASCOT makes recommendations as well. This Board has always seriously considered these recommendations. It is important to her as a volunteer on the Board's various committees that the Board does listen to those recommendations. It means a lot to those who serve many hours on those committees.

Ms. Hancock invited the Board to attend their annual meeting on February 7 and asked for the Board's support on the extension of the grant process in order to allow the purchase of this particular most important segment of the Arizona Trail in Southern Arizona.

Mr. Mark Flynn, County Board Member and Advocacy Director of the Sonoran Desert Mountain Bicyclist, a very active trails advocacy group based in Tucson, addressed the Board. He stated that he is also representing the Pima Trails Association and the Urban Trails Coalition who represent more than 11,000 nonmotorized trail users in Pima County. He stated that all three of these groups have actually participated in the effort to extend the Arizona Trail from Saguaro National Park to Oak Tree Canyon. They are very anxious to see this project completed. He is here to express the unequivocal support of these groups for the County's request to extend their existing Heritage Fund grant for the Arizona Trail through 2004. This project has overcome major challenges and is finally to the point where they can go to auction with ASLD to purchase the trail corridor. Hopefully this fall trail construction will begin.

Mr. Flynn stated that ASP staff are asking that Pima County simply apply for another Heritage Fund grant for this project. That would delay the effort. He is not convinced that the legislature won't succeed this time around in raiding the Heritage Fund. He is not comfortable with that option. They are scheduled to go to auction on the trail corridor long before any decisions regarding these Heritage grants would be made.

Mr. Flynn stated that he has worked with ASP staff in other areas and those experiences have universally been positive. He is new in this particular arena and frankly a little concerned and confused by what he has seen come from the Partnerships Division. He made a trip to Phoenix last month to address AORCC regarding the staff's

recommendation to terminate the grant. At that meeting AORCC voted to revisit the recommendation at the end of February to allow Pima County to demonstrate that it could meet the revised time line. Pima County is ahead of that time line, but for reasons he is not sure of staff decided to not wait for AORCC to revisit this matter and placed it on the Board's Agenda. He is not privy to their thought processes, but if he were in their position and were determined for whatever reason to yank this grant he would probably do the same thing and go straight to the Board. From that perspective it appears to be more adversarial than partnering.

Mr. Flynn stated that he would like to request the Board to get beyond the trivias and details of this. Unless there is a legal opinion that says the Board must deny an extension he urged the Board to let this grant process go forward. The project is imminently deserving. It does not deserve to be jeopardized by miscommunications on anybody's side or by bureaucratic delays of Empire Cienega. Allowing Pima County to go forward is a win-win for ASP; it is a win for Pima County and the thousands of residents and visitors who will enjoy using the Arizona Trail in the future. The State Parks Board has outstandingly supported the Arizona Trail Project in the past and he hoped that they would continue that tradition by honoring this request.

Mr. Travous noted that the project had to come before the Board because it expired. From that perspective it is a legal issue as well as a process issue because the contract had expired.

Ms. Stewart noted that AORCC does not have the authority to extend these contracts. Therefore, the contract did in fact expire.

Mr. Ziemann added that AORCC's recommendation was to extend this to February 29. The next grant cycle ends February 27. If the Board followed their recommendation it would actually eliminate Pima County's ability to come back and reapply for the grant.

Mr. Cordasco stated that the Arizona Trail is extraordinary. A lot of people support it, including himself. Along with that, the Board cannot keep doing this. Either the staff knows what the deal is and what the process is and the Board holds to that and supports staff in their integrity of the process or it doesn't. We sit here say that this is a good deal right now. The Board listened to the good deal. Whether it's a good deal or not, everyone knows what it is.

Chairman Hays asked what the economic consequences to Pima County would be to start over again if the Board does not take action and allows the grant to expire. He asked whether all this documentation will still apply or if they will have to spend a lot of money and time doing it all over again.

Ms. Hilderbrand responded that all of the reports that they have already completed would simply transfer over to the next application. They will not have to be done over.

Mr. Anderson stated that the appraisal would have to be redone. They requested ASLD to conduct the appraisal process; they expire in six months. Pima County will definitely auction in June in order to not miss this opportunity.

Chairman Hays noted that if a new application were necessary the auction would be a separate issue that Pima County would take care of.

Mr. Anderson responded that they would have to. Pima County will auction in June.

Mr. Travous stated that it is his recollection that that part of the fund is restricted to 20% of the available funds. He is not sure that the percentage would give Pima County the same amount of money they are getting now if they are asked to reapply. For example, depending on the amount available, if they can only get 20% of that money it could be less than they have under this grant.

Ms. Hilderbrand added that there is another option to simply letting the grant expire. There is also the Waiver of Retroactivity. As Mr. Anderson indicated, Pima County is going to auction and are purchasing this right-of-way. Before leaving today they can write a request that the Executive Director can sign. They can then apply next year after they have already purchased the land. They would be reserving their right to get reimbursed next year.

Mr. Anderson noted that there is no guarantee that it would be approved.

Mr. Beechum stated that he is disappointed that such an important process has been such a long process. ASP has a process of getting these done in a timely manner. All of a sudden it becomes a priority to get it done. It appears that there's been miscommunication and not a sense of urgency until now.

Ms. Stewart stated that she is torn on this issue. The Board has procedures to be followed and it's clear that they have not been followed. She has reviewed some of the file in addition to what has been received today. That disturbs her because of the message it gives to the Board's staff that what they do is not important and that the Board will just bypass them. It gives the message to other applicants that they don't need to comply. On the other hand, the people who are actually going to suffer are not Pima County but the users who are anticipating the trail. She finds it disturbing that all of these people such as Ms. Hancock had to come here today. We should not be here having this problem. It could have been resolved. She does not believe that the Board is asking that much in terms of compliance and keeping staff informed. There are written procedures that all grant applicants receive when they apply – they know what they are. Additionally, staff sent several reminders to Pima County. She is concerned about just saying that the Board won't do it because of that. The people who are being penalized are the public and people who have worked very hard on this project. It is a real problem. If the Board does approve the extension then it says to staff that the Board doesn't care what they say and it doesn't care about its own policies and guidelines.

Mr. Cordasco asked if a Waiver were signed today what the approval process would be.

Ms. Hilderbrand responded that the Waiver of Retroactivity basically allows for a parcel that needs to be purchased before a grant is awarded. Normally it is not reimbursable; the parcel must be purchased after a grant is awarded. With a Waiver of Retroactivity the potential participant will submit a letter requesting a Waiver and state why the parcel needs to be purchased right away. The Executive Director can refuse to sign it. From the date of the signature, the applicant has 18 months to apply for the grant. If Pima County does actually go to auction this year they have 18 months from today to actually submit an application. That application is rated along with all the

other applications during that grant cycle. They still have to compete as required by statute. They can buy it now and compete later for reimbursement.

Ms. Stewart noted that there is no guarantee that the grant will be awarded.

Ms. Hilderbrand responded that there is no guarantee. They may still not score high enough.

Ms. Stewart noted that because they are statutorily required to compete the Board could not move them if they didn't get enough points simply because a Waiver was signed. They would have to be evaluated on their merits just like everyone else. The Board cannot enter into a deal that will ensure a grant is awarded.

Mr. Cordasco asked what the difference would be between a Waiver and reapplying by the end of February.

Ms. Hilderbrand responded that there is a difference.

Ms. Hernbrode explained that if Pima County got a Waiver they could go ahead with their auction in June. If they just reapplied, since the grants are not awarded until September nothing that happened prior to September would be eligible for the grant. If they did in fact go to auction in June then that would not be eligible for reimbursement. She suggested that they do both. They would apply for the new grant cycle and have the Waiver in hand.

Ms. Hilderbrand added that they could get a simple Waiver and not apply this year but wait until next year to apply.

Ms. Stewart suggested there is a third option. She is also disturbed by the fact that all of this material comes today at the meeting. The Board does not have the opportunity to read it and neither does staff. Perhaps this issue can be reconsidered at the March meeting. The grant has already expired so the Board would not be in a different position.

Ms. Pfister noted that that would put Pima County in a very difficult position. They are risking a lot by waiting until March.

Mr. Cordasco asked what that risk would be.

Ms. Pfister responded that if they went ahead and reapplied, it wouldn't give them much time. They still have to submit an application. She believes the Board at least needs to be clear one way or the other in fairness to them and in fairness to the trail as to what the Board intends to do. Extending it may make it even more difficult for them to get their act together and put the information together that they need to.

Ms. Stewart stated that she hates to substitute her judgment for the staff's in terms of whether or not everything is in order. She doesn't even know if it is.

Mr. Cordasco stated that the Board wants to be supportive of the extraordinary trail and yet support staff in the future so it doesn't have to deal with this type of situation again.

Mr. Travous responded that he believes the Board has been supportive of staff. The comments that the Board has made lets staff know that it is not just summarily giving someone extra money when they come in. Staff also support the use of this money for

the trail. Staff worry about precedent. There are guidelines in place. If the Board decides to give them the extension, staff understand because they have heard what the Board has said. He believes that staff can get beyond this.

Ms. Pfister asked if Pima County understands the importance of getting the documentation straight.

Mr. Payan responded that the Board has his personal commitment to be the first point of contact for his agency to see this project through. He stated that he understands ASP staff's concerns absolutely. He has been on both sides. He understands the administrative procedures. He won't give any excuses for the elements that were not provided. He is sensitive to the recommendations; he is sensitive to AORCC supporting the extension; more importantly he is responsible to ensure that if given the opportunity Pima County will see this through – not only this project but all other projects as well.

Mr. Porter stated that he has been sitting here just as torn as everyone on the Board. For the record, he stated that he certainly does not like being put in this situation of on the one hand having to support a very worthy project while at the same time having to essentially put ASP staff in an impossible situation when they have done nothing but try to follow the Board's guidelines. He does not like it; he didn't like it the last time it happened and here we are again. In order to move it along, he will make a motion.

Board Action

Mr. Porter: I move that the Board grant the extension of Pima County Trails Heritage Fund Project #689807, Arizona Trail: Segments 9 & 10 Acquisition until September 16, 2004.

Mr. Porter stated that his motion sends the message to Pima County to get it done. The County has promised that they will go to auction within that time period.

Mr. Cordasco seconded the motion.

Mr. Beechum stated his concern for future situations like this. He questioned whether the Board will make this same motion again and again.

Ms. Pfister stated that she takes great comfort in Mr. Payan's commitment to the Board.

Chairman Hays called for a vote on the motion on the floor. The motion carried with Ms. Pfister abstaining and Mr. Winkleman absent from this portion of the meeting.

Chairman Hays then moved to Agenda Item J.

J. PARKS

1. Section Reports

Mabery Easement Dispute Litigation

Ms. Hernbrode introduced Mr. Jim Morrow, who is working on the Mabery issue, to the Board. She noted that counsel do not have an update on the Mabery Easement Dispute Litigation. The Judge has not made a decision at this time.

Ms. Stewart asked what the Judge needs to decide on.

Ms. Hernbrode responded that there are cross motions for Summary Judgment involving whether the Maberys are entitled to \$5,000 per day in damages or a total of \$5,000 actual damages. There are also issues on Tuzigoot Road as to whether they are entitled to any damages at all.

Ms. Stewart asked if counsel has any idea of when a ruling will be forthcoming.

Ms. Hernbrode responded that the Judge has 60 days.

Mr. Morrow added that a ruling was expected right around Christmas.

Ms. Hernbrode added that the Maberys were unable to come up with a counteroffer or anyone who could even negotiate on their behalf. Therefore there was no Settlement discussion with them.

Chairman Hays then returned to the remaining order of the Agenda.

F. DIRECTOR' REPORT

Mr. Travous requested that the Board go the report on Salary Update.

4. Salary Update

Mr. Travous reported that there are 20+ employees that the Assistant Directors have brought to his attention who need some consideration in salaries. Because for the most part they are not covered, the agency has the authority to something in the area of salaries. He noted that he is not one of these people; however the Assistant Directors are.

Mr. Travous noted that the last three people who left Executive Staff left for about a 40% increase in their salaries when they walked out the door, Mr. Payan being one of them. He wants to keep his Executive Staff in tact as best as he can. They have staff with various technical backgrounds who are way below market. There is a way to do some modest things that will cost a total of \$100,000 that the agency has. Most of that money is not from the General Fund but rather from special funds that those staff are paid from anyway. He noted that there are three or four staff who are covered employees who would have to go to an uncovered status for the agency to do anything for them. Some of those people have already been talked to and may or may not take it because of the protection afforded under covered status. He wanted to let the Board know as well as hear any words of wisdom from the Board in the process.

Chairman Hays stated that it appears to him that the agency better catch up with the private sector, especially with the economic recovery. He noted that it isn't just ASP; the whole state system is miserable in the area of the pay scale for keeping good people.

Mr. Travous noted that he is receiving a lot of phone calls from people who are looking for people and they use him as a source. Those kinds of calls have picked up tremendously in the past three months or so. This tells him that the economy is turning around. The people who were delaying hiring in areas where we work are not delaying any longer. It is a pretty robust field right now.

Ms. Stewart stated that it is within the Director's authority to do that. Her only caution would be in terms of what the perception would be in terms of percentages. Care must

be exercised in tight budget times. While a large pay increase may be entirely appropriate, when the media reports a \$20,000 pay increase there is a big “to do” made about it.

Mr. Travous noted that things have been done in the recent past for certain positions that are not being considered at this time. Class reviews have been conducted for staff in both the field and the Phoenix Office where they have received “bumps” over a period of time. Some of those staff who are being considered for another bump were way behind. There are some staff whose absence would cripple the agency.

Ms. Stewart asked what is being done for the parks staff and Ranger salaries.

Mr. Travous responded that that depends on what the State will do.

Mr. Ream added that staff are working with classification and compensation at DOA to reclassify some of the Rangers. There is a big jump between the Ranger I and Ranger II classifications – from a \$12,000 per year employee to an almost \$28,000 per year employee with no middle ground. Staff are trying to get another class between those two. That is a quick fix. At the same time staff have asked DOA to look at the entire Ranger series. There is currently not much of a career ladder in the Ranger series. One either is an entry level Ranger II for one’s entire career or one becomes a Supervisor. Not everyone wants to become a Supervisor.

1. Recognition of Board Chairman Suzanne Pfister’s Service

Mr. Travous reported that the last person who tried to chair the Parks Board for two years sank into a deep depression. He presented a plaque to Ms. Pfister in recognition of her second year as Chairman of the Parks Board. These were two of the toughest years the agency has had financially. He stated that Ms. Pfister has been wonderful for the agency and the staff wanted to thank her wholeheartedly for her service to ASP.

Ms. Pfister stated that it has been an honor to be on this Board. She has thoroughly enjoyed her colleagues from the very first. She stated that she will be involved with Friends of State Parks.

Chairman Hays again thanked Ms. Pfister for serving as Chairman for two years. He really appreciated her efforts.

J. PARKS

1. Section Report

Whetstone Springs Condemnation

Ms. Hernbrode reported that in the last day or so counsel finally received the Settlement papers from the last defendant in the Whetstone Springs Condemnation. This is the party that we settled with in December 2002 and have not since been able to get the signed papers from. Those papers have now been received and counsel are ready to proceed with getting the Order for Final Condemnation that has been going on so long. This issue will be wrapped up very soon. Settlement has been reached with all parties and the Board does not have to worry about any future negotiations on this issue.

Natural Resources Stewardship Programs Within the State Parks

Mr. Ream reported that the plan was to have this presentation along with Mr. Cordasco's presentation on stewardship. He requested that this item be tabled until the next meeting to give Mr. Cordasco time to prepare. Unfortunately Mr. Cordasco was not notified in time for both his and Ms. Emery's presentations to be presented together. Chairman Hays tabled this report until the next Board meeting.

Yuma Crossing Land Disposal Update

Mr. Ream reported that there are 2.5 acres upstream of Yuma Crossing State Park. This is land that was given to ASP for park purposes by the General Services Administration (GSA) that must be used for park purposes. There are 23 years left on a 50-year lease to the City of Yuma for a sludge settling pond and a water treatment plant. The City of Yuma desires control of that land. They want to develop their National Heritage Area on that location and have plans for a hotel and casitas there. The agency does not want to stand in the way of their plans. This parcel is not integral to the operation of the park. The location of the proposed hotel and commercial development would actually enhance the park in that people would be able to flow through the park. That is part of the mission.

Mr. Ream added that the reason this is so timely is that the City may be bringing this idea before their City Council in February. It may be in the papers as well as the legislature before the Board is scheduled to meet again. Staff will have to go before the JCCR to dispose of this property. There are a number of technical issues involved in this disposal. Preliminary appraisals set the land at \$300,000 but do not take into account that nothing can be done with it for 23 years because of the lease on it. There is some fine tuning that needs to be done on that appraisal. GSA and Yuma are working it out. If the agency retains ownership of this land, it must be used for park purposes; it cannot be sold to the City of Yuma. If ASP does not use it then it really belongs to GSA. Right now it is between GSA and Yuma.

ADA Compliance at Parks

Mr. Ream reported that because time is running short, staff requested that this presentation be given at the next Board meeting.

Volunteers at Parks

Mr. Ream reported that, as with the presentation for ADA Compliance, staff are requesting that this presentation be given at the next Board meeting.

Special Events

Mr. Ream reported that the Board should have received their special events calendars that were mailed recently. He asked that they look through them. This is the time of years for special events at the parks. Tubac is wonderful at this time of the year – they have their Festival of the Arts. There are a number of Civil War Re-Enactments coming up.

2. Board Actions:

- a. **Designation of Park Ranger Law Enforcement Officer** – Staff recommend that the Arizona State Parks Board designate Roberto Sheets,

Scott Allred and Ronald Gayman as Arizona State Parks Law Enforcement Officers, contingent upon their successfully completing the CARLOTA training.

Mr. Ream stated that it is his pleasure as always to recommend the above-named people be commissioned as Law Enforcement Officers. Graduation from the academy is tomorrow and he will be present representing ASP as will Ms. Hawks and Mr. Rich Evens, ASP staff.

Board Action

Ms. Stewart: I move that the Arizona State Parks Board, pursuant to Title 41, Chapter 3, 41-511.09 ARS confer upon designates Roberto Sheets, Scott Allred and Ronald Gayman the full authority and powers of a Peace Officer for the protection of the Parks and Monuments against damage and for the preservation of peace therein, contingent upon successful completion of the CARLOTA training program scheduled for January 16, 2004.

Mr. Porter seconded the motion. The motion carried unanimously.

- b. Consider Obligating Federal Recreational Trails Program (RTP) Federal Fiscal Year 2004 Five Month Extension Apportionment – Staff** recommends obligating the RTP FFY 2004 five-month apportionment including the administration monies, education monies and project monies to fund the current nonmotorized trail maintenance program and motorized competitive grant program.

Board Action

Mr. Porter: I move to obligate the RTP FFY 2004 five-month apportionment to fund the current nonmotorized trail maintenance program and motorized competitive grant program.

Ms. Pfister seconded the motion.

Ms. Stewart asked if this means that when the money comes it will be spent in the manner set forth in the motion.

Ms. McVay responded that the federal legislation expires at the end of the last federal fiscal year. There was an expectation that the new legislation would pass. It has not. It may get drawn out until the end of the next presidential election. The agency received a five-month apportionment with the caveat that it must be obligated by February 29. To be safe, staff want to obligate it now.

Chairman Hays called for a vote on the motion on the floor. The motion carried unanimously.

- c. Proposed FY 2004 State Park Fees – Staff** recommends that the Parks Board adopt a fee change for the annual pass program and allow staff to proceed with public notification of said change.

Mr. Ream reported that changes are being recommended to the fees charged for the annual pass. There is a great annual pass program at all of the parks. However, when

these high visitation river parks are included, we are “giving away the farm”. Most of the visitors to these parks are annual pass holders and rather than just local residents are California residents who return weekend after weekend. Staff recommend raising the price of that pass which will be good only at those parks along Lake Havasu - both Buckskin parks, Cattail Cove, and Lake Havasu State Park at Windsor Beach.

Ms. Stewart stated that it is important to note that it clears up the confusion over the limited pass and the unlimited pass. She believes more of the regular annual passes will be sold now that that is the park pass for \$45. People really did not understand the \$75 and the \$45. She believes that helps both ways.

Board Action

Mr. Porter: I move that the Arizona State Parks Board adopt a fee change for the annual pass program as presented by staff to take effect March 1, 2004 and allow the staff to proceed with public notification of said changes.

Ms. Pfister seconded the motion. The motion carried unanimously.

K. SUMMARY OF CURRENT EVENTS, MATTERS OF BOARD PROCEDURE, REQUESTS AND ITEMS FOR FUTURE AGENDAS

Ms. Stewart noted that she has not received the Board policies. She does not have that material in her notebook.

Mr. Travous responded that that information will be sent to the Board members.

Mr. Porter stated that everyone who deals with Strategic Planning says not to “piggyback” these sessions on top of regular Board meetings. It is just not a good thing to do. There is a certain mindset that occurs when going through a Board meeting, especially one like today’s. To attempt any meaningful strategic planning after a meeting like today’s will not occur this afternoon. He has no problem taking time in February to have a serious look at where things stand in the budget process. He would like to hear more about some of these bills. He believes there are some valid things that could be done in February. It could be a fairly short meeting that is intended to be short in scope and then get into real strategic planning. He does not envision anything meaningful coming out of this afternoon’s strategic planning session.

Ms. Stewart noted that there are a lot of things that need the Board’s attention. During the time of year when the legislature is in session the idea of meeting every other month is probably not realistic. She believes the Board ought to plan on meeting in February and April. There are major budget issues. There is a potential raid on the Heritage Fund. There is the issue of the State Trust lands which will determine the future of some of the parks. She believes that that is something that the Board needs to have the ability to discuss as things change. There were several items that needed to be put off today because of lack of time. Some things were rushed through. She sees the Agenda already being packed for March. The meeting will be in Sedona where there are five parks nearby. She sees no sense driving up there if there won’t be tours at some of those parks. Because of the Mabery litigation she feels it is important that the Board see that land. It is important the Board see the acquisitions of the Verde Greenway and the land that may be coming from Phelps Dodge. There is a need to go to Slide Rock to see

what the Fire District is proposing there. A two-day meeting would only have one real day for a meeting.

Chairman Hays noted that the Board were asked to mark out every third Thursday of every month. He asked how much lead time is necessary should a February meeting be deemed necessary.

Mr. Travous responded that 48 hours' notice must legally be given. If meetings are scheduled before there is an Agenda, then they tend to fill up because there is an Agenda. He would like to keep this Board concentrated on the big issues over the next couple of months: the land reform; the budget; legislation that is unknown at this time. If the Board can remain concentrated on those things, shorter meetings can be done or meetings can be done fairly quickly. Right now, staff are spending a lot of time agency-wise just preparing for meetings at a time that would be better spent working these issues. It takes a tremendous amount of time to put these meetings together, and then go right back into preparations for the next meeting. Staff really needs time to work the issues that are before them.

Mr. Travous noted that there are some issues that are coming up that are very important. He has heard that the bill to remove ASP as a beneficiary of the Heritage Fund has already been submitted. He has also heard that the Governor will veto it.

Mr. Ziemann noted that it is an SCR and does not go to the Governor. It will go to the voters if it passes.

Mr. Travous noted that another concern is of people traveling back and forth. A third dynamic is that of going north for a planning session. If he could work it out with Mr. Frost to go to Tonto in February for the planning session, there will be more information on the budget; there will be more information on what is going on with the Land Reform, and it may be possible to do a couple of things in the morning with the planning session in the afternoon and stay overnight at the lodge and leave the next morning.

Mr. Porter stated that he doesn't mind traveling to Phoenix or Tonto.

Chairman Hays noted that he will be out of the country from mid-February through mid-March.

Mr. Porter noted that it is important to have all the Board members present at the strategic planning sessions.

Ms. Stewart stated that she would prefer to know now if there needs to be a meeting. She doesn't like to hear a week or two ahead of time of the need for a meeting. The Board needs to plan what needs to be done.

Mr. Travous responded that if that is the case, then he doesn't want to spend the Board's time right now talking about things like ADA and volunteers as important as they are to the organization. We need to spend the next three months concentrating on the budget.

Ms. Stewart stated that that is what she is talking about. She feels that the Board needs to get together next month to know what is going on with the budget; the Board needs

to know what is going on with the State Trust land reform; the Board needs to know what is going on with the legislation that will affect the Board. She is not sure those are things that can be done by telephone.

Chairman Hays noted that there may not be much solid information on those things before the March meeting.

Mr. Travous responded that there will be a budget before the next meeting.

Ms. Stewart stated that the budget would be pretty solid by February. It won't change a lot.

Ms. Hernbrode stated that the Board can do two things. The Board can take a break and continue this meeting and discuss the budget and the next meeting of the Parks Board for business. That meeting would have to be held at this location. Otherwise, the Board just conforms to this Agenda which does have the follow-up meeting on it.

Mr. Cordasco noted that the Board members have the February date on their calendars. It doesn't matter what time or where it occurs.

Ms. Hernbrode noted that under this Agenda item the discussion is to be current events, matters of Board procedures, requests and items for future Agendas. There is another Agenda item for time and place of next meeting.

Chairman Hays asked if the next meeting can be scheduled during discussions at the planning session to be held later today.

Ms. Hernbrode responded that at that meeting a follow-up meeting for the planning session can be planned.

L. TIME AND PLACE OF NEXT MEETING

Chairman Hays asked if the Board felt it is necessary for the Board to meet in February.

Mr. Beechum stated he felt there is a need to meet in February.

Ms. Pfister stated she would come if she is still on the Board and if it is necessary.

Ms. Stewart stated she believes a meeting in February is necessary.

Mr. Cordasco stated that the Board can want all kinds of items to make an Agenda, but staff need to work, too. It's taxing having these meetings monthly. It is also frustrating. People want to do their jobs here. It takes two weeks to put together information to talk about. That's a rough deal. He's not clear that when the Board says it needs to have a meeting in February it really does on the things that were just talked about. To be knowledgeable about the budget is important. But does that mean if the Board is more knowledgeable about it in March it's any different? He doesn't know. The State Trust Land Reform deal is pretty fluid. Mr. Winkleman said there is very little that is hard and fast. They have draft maps; probably barely any draft language put together. He doesn't know that they will have anything that the Board can do anything with in February. Can he come to a meeting in February? Absolutely.

Mr. Porter stated that he is still not convinced that a February meeting is not necessary.

Chairman Hays stated that he would prefer not meeting in February unless there is something really pressing that requires a decision such as if they are ready to pass the Trust Land bill or they are taking away our budget.

Mr. Travous suggested that staff do reconnaissance over the next week to see if there are things that the Board needs to discuss that it can't get in the papers or if there is a need to have Board members come to budget hearings. Staff needs time now to lay out a strategy for the next two or three weeks as some of these things start to fall apart or into place. He would like to wait and see if a February meeting is really necessary.

Chairman Hays stated he would also like to wait to see whether or not a February meeting is necessary.

Mr. Porter noted that staff's comments are valid. He believes that staff over-prepare for these meetings. Staff seem to be almost paranoid about the Board in the sense that they feel they have to have every answer and every line and dot in place. He believes that sometimes staff over-prepare to the point where the Board becomes a burden. He doesn't believe it needs to be like that. When the Board has meetings he believes it is OK to come in in a more relaxed conversational mode. He doesn't think there is anything staff will bring before this Board any time in the near future that hasn't already had to be prepared in almost the same way for some other reason – whether it's for the legislature or the ASLD. He doesn't believe that the Board needs to have things specially prepared for them. A lot of it is to simply be brought up to date and be able to concur. That's part of the problem. He is very concerned about the Board dealing with as many issues as it has actually coming together only once every two months. He has served on those kinds of Boards before and almost invariably they are out of touch. He won't participate on that kind of Board.

Mr. Travous responded that that is an interesting observation. He believes staff are the product of previous Boards. There have been times when staff have been castigated for not having maps that showed such-and-such and such-and-such. Staff will go through that one time but do not care to go through it a second time. If the standards of the Board packets could be relaxed it would help tremendously.

Mr. Porter stated that he has the perception that the Board is making staff go through hoops that he doesn't feel are necessary.

Ms. Stewart stated that she would rather see the Board get together and discuss some of these policy issues and have more dialogue among Board members and share their feelings with staff. It seems like a lot of effort goes into putting these fancy presentations together. Once they're done a conclusion seems to have been reached as to where we ought to be. She thinks it would be better to have discussions a lot of times. She believes it is important for the Board to get together when things are happening. It is not just a matter of reading what's going on in the newspaper. When things are happening at the legislature or with the State Trust land, it would be helpful for the Board to get together and throw out ideas of what can be done to affect those situations. As a Board it is not appropriate for them to sit and wait for things to happen on the State Trust land, or at the legislature, or with the budget. The Board needs to be proactive and not just rely on staff to decide what should be done. She believes the Board needs to be part of those discussions. During the time the legislature is in session

and in a time when money is tight the Board needs to meet. When there is plenty of money the Board wouldn't need to meet every month because things are not happening. People will be looking for the Board's money all year long and the Board needs to be ready. Just reading the newspapers or receiving updates leads to the Board missing the value of having a dialogue where additional people can bring additional ideas of how to get things accomplished.

Chairman Hays stated that by February 1 staff will determine how urgent it is for the Board to meet, perhaps even earlier than February 19th.

Mr. Beechum stated that he would like to have a set meeting time, date, and place for the next Board meeting today.

Chairman Hays stated that the next Board meeting is scheduled for March 18 unless there is a need for a meeting in February.

Mr. Travous stated that staff will talk about relaxing some of these standards on Tuesday. Staff put a lot of time into these meetings.

Mr. Porter noted that if the Board decides to meet sooner than February 19 he does not see a powerful need for the secretary to kill herself putting together the Minutes of this meeting for that particular meeting.

Ms. Hernbrode noted that the Minutes of this meeting must be prepared within three working days of this meeting.

Mr. Cordasco stated that he hopes that ASP may have a bigger part in the Trust Land Reform than anyone has really discussed yet, particularly with the natural resources area. He's not quite sure where that discussion gets rolled in with the State Land Reform discussion.

Ms. Stewart noted that the Board has not been included so there are no plans to give the Board any different role.

Mr. Cordasco responded that that may be something to discuss this afternoon. There may be a direct role that ASP plays in things such as management of state lands. That would be a big switch for ASP, but he believes it's there and the Board better talk about it.

Mr. Travous stated that the biggest land reform is taking place right beneath our very noses. A poll was conducted two years ago. ASP was found to be the most respected name in conservation in the state and we are not even at the table. That is why time needs to be spent talking about how to get to the table and do those things that will affect generations to come.

Mr. Travous suggested that the Board keep February 19 on their schedule. It will be a relaxed meeting unless staff call the Board to a more heightened meeting depending on what happens over the next week.

Ms. Stewart noted that, as Mr. Porter said earlier, in most instances the information has already been prepared for some other purpose and the Board does not need something specially tailored for them. The Board can receive what staff already have prepared, whether it is a staff memorandum or something that went out to another agency. Staff

can tell the Board what they need to know in addition to that information. She would rather have emphasis on the substance than the frills.

M. ADJOURNMENT

Ms. Pfister made a motion to adjourn at 1:45 p.m. The motion was seconded and carried unanimously.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the ADA Coordinator, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

Kenneth E. Travous, Executive Director

APPROVED

John U. Hays, Chairman